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Message Text

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ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 SS-20 SPC-03 EB-11 INR-10

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R 211045Z MAR 74
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 7882
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AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
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AMEMBASSY NEW DELHI

S E C R E T KHARTOUM 0628

E.O. 11652: GDS
TAGS: ENRG, EAID, ETRD, IN, IR, SU
SUBJ: IRAN/SUDANESE OIL AGREEMENT

REF: TEHRAN 2163

1. SHAH'S COMMENT TO AMBASSADOR HELMS RE IRANIAN SALE 12.5 MILLION BARRELS OF OIL IN CALENDAR 1974 FOR 1/3 IN CASH INDICATES GOS SUCCESSFUL IN MITIGATING EFFECTS HIGHER OIL PRICES HERE THROUGH NEGOTIATIONS WITH IRAN, SUDAN'S HISTORIC SUPPLIER, RATHER THAN SAUDI ARABIA AS WAS ALSO UNDERTAKEN (KHARTOUM 504 NOTAL). WE ASSUME 12.5 MILLION FIGURE COVERS ENTIRE CALENDAR YEAR, RATHER THEN REMAIING NINE MONTHS, SINCE PORT SUDAN REFINERY CAPACITY ONLY 10.9 MILLION BARRELS ANNUALLY. EVEN SO, IT APPEARS GOS MAY HAVE TO MARKET SOME PERCENTAGE IRANIAN CRUDE OR ARRANGE REFINING OUTSIDE SUDAN.

2. WE ESTIMATE TOTAL COST TO SUDAN THIS YEAR OF FOREGOING ARRANGEMENT WOULD BE ONLY SOME $40-42 MILLION WHICH NOT
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MUCH LARGER THAN COST SUDAN'S ANNUAL FUEL BILL PROJECTED

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PRIOR JANUARY 1 PRICE INCREASES. IN ADDITION CATTLE PRODUCTION, COUNTERPART SUDANESE POUNDS WILL NO DOUBT BE DEVOTED NUMBER OF SCHEMES TO BE DISCUSSED WITH IRANIAN CHAMBER OF COMMERCE DELEGATION VISITS HERE IN APRIL.

3. WIHOUT WISHING GILD SUDANESE LILY, MUCH LESS ITS WATER HYACINTH, WE NOT INCLINED SHARE CONCERN FINAL SENTENCE REFTEL RE IRANIAN ACCUMULATION CLAIMS AGAINST "RATHER POOR COUNTRIES WITH LIMITED ABILITY TO PAY". INFO ADDRESSES PROBABLY UNAWARE OF $200 MILLION LOAN FINALIZED HERE MARCH 18 ON BASIS SAUDI GUARANTEE AND INVOLVING NINE MAJOR AMERICAN BANKS. WITH PROSPECTS FINANCING FOR PROJECTS THUS ENHANCED, AND HAVING VERY SUBSTANTIAL RESOURCES IN UNDEVELOPED ARABLE LAND AND WATER, BUT NO OVERPOPULATION PROBLEM, SUDAN'S LONGTERM DEVELOPMENT PROSPECTS WOULD SEEM AMONG BEST IN AFRICAN AREA.
BREWER

NOTE BY OC/T: DISTRIBUTION COORDINATED WITH MR. TWOHIE, S/S-O.

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